

Operation Short Straw
Prepared Remarks for U.S. Attorney Preet Bharara
June 17, 2010

Introduction

Good afternoon. My name is Preet Bharara, and I am the United States Attorney for the Southern District of New York.

Today we announce federal criminal charges against 38 defendants on allegations of committing mortgage fraud throughout the tri-state area. These charges are part of a coordinated enforcement action involving several of our state and Federal law enforcement partners, known as "Operation Short Straw."

I have said before that this Office intends to bring blue collar law enforcement techniques to the investigation and prosecution of white collar crime. The Galleon insider trading case is one example, and Operation Short Straw is another. Seventeen of the 38 defendants arrested today were charged as a result of an undercover investigation conducted by the FBI and this Office, in which defendants were recorded and videotaped purchasing phony documents to use in support of fraudulent mortgage loan applications.

I have also talked about this Office's commitment to pursuing fraud in connection with Federal economic stimulus programs, including the Troubled Asset Relief Program, or TARP. The charges brought by this Office against Charles Antonucci, the former CEO of the Park Avenue Bank, were the first ever

alleging fraud against TARP. The charges brought today involve the first brought by this Office under a new Federal statute aimed at combating stimulus fraud.

The chart to my right, which will be available in paper format for you, provides some of the details of the 8 separate criminal cases unsealed today.

Before I get to some of them, I would like to introduce our law enforcement partners, who worked together to make today's operation a success: leaders of the FBI; the New York State Banking Department; the Special Inspector General of the Troubled Asset Relief Program; the Office of the Inspector General of the Department of Housing and Urban Development; the United States Secret Service; the United States Postal Inspection Service; the Office of the Inspector General of the Federal Deposit Insurance Corporation; and the United States Postal Inspection Service, all of whom participated in today's coordinated takedown. I am also joined by members of the Office's Complex Frauds Unit, which is supervising the investigation and prosecution of these cases.

The Fraud Schemes

Let me take a minute to highlight for you two of the cases we've charged today.

[Chart - U.S. v. Willy Blas, et al., as per BMJ's suggestion]

The first case I'd like to highlight is a 17-defendant complaint that resulted from a ground-breaking undercover operation

conducted by the FBI. The investigation began with a corrupt tax preparer who was selling phony paystubs and other fake tax documents to corrupt mortgage brokers and real estate agents who were using them to fraudulently obtain mortgage loans. Several months ago, the FBI executed a search warrant at the tax preparation business, and recovered a computer that contained over 1,100 phony paystubs, computer macros to create paystubs, and nearly 200 phony Federal tax returns and W-2 forms.

Think for a minute about the potential scope of this fraud. There were over 1,300 phony documents in the corrupt tax preparer's computer. Let's assume that only 100 of these counterfeit documents tricked a bank into extending a mortgage loan - probably a low-ball figure. If you consider that in this area, it's difficult to buy a home for less than \$400,000, we are talking, just using these conservative figures, about a potential fraud of over \$40 million dollars.

What's worse, even after the collapse of the mortgage market, after banks have tightened their lending practices, corrupt professionals continued to use the tax preparer's phony documents to apply for loans. We know this because after his business was searched, the tax preparer agreed to cooperate with this Office and the FBI, and with his consent the FBI installed audio and video recording equipment at his Corona office. Over the next several months, the tax preparer, now an FBI informant, participated in numerous meetings with corrupt professionals who wanted to purchase phony documents with which to commit mortgage fraud. Unbeknownst to these professionals, every word they uttered as they purchased the phony paystubs

and W-2 forms was being recorded by the FBI. Seventeen of those individuals are now under arrest.

If there's one message aspiring fraudsters should take away from this case it is this: If you're committing a fraud, you never know who is listening, so your best move is just not to do it.

On a related note, I mentioned that the corrupt tax preparer had over 1,300 false documents created for the purpose of committing mortgage fraud. Naturally therefore, this investigation is ongoing, and we are continuing to track down every fraudulent loan that was obtained using these phony documents. If you purchased false documents and submitted them to a lender in support of a mortgage loan application, you know who you are. I'm urging you to come forward by contacting our law enforcement partners, before they come looking for you.

The second case I'd like to highlight for you is the case against the principals of American Home Recovery, which was supposedly a mortgage modification company. In fact, AHR was nothing more than a boiler room for mortgage modification fraud. At the direction of AHR's principals, AHR employees sent unsolicited emails and letters to homeowners who were having trouble paying their mortgages, and offered them what must have seemed like a lifeline: for an up front fee, AHR would renegotiate the terms of the homeowner's mortgage, so that the payments would become more manageable.

The homeowners, some in difficult financial straits, believed AHR's promises, and paid thousands of dollars to the firm. That's when AHR essentially took the money and ran. When the homeowners called their banks to ask about their mortgages, the banks said AHR done nothing to renegotiate the mortgages, and often said that AHR hadn't even contacted the bank. AHR used this MO to defraud over 240 unsuspecting, hardworking homeowners out of over half a million dollars in fraudulent fees. We can only imagine the hardship that these families are going through now, having lost to this fraud thousands of dollars – small fortunes – on top of the difficulties they were already going through. Of course this Office and its law enforcement partners will make every effort to recover from AHR these ill-gotten gains, and help the victims get their money back.

Conclusion

We are in the midst of a recovery from one of the worst financial crises this country has ever seen. Financial fraud on this scale poses a serious threat to the recovery, since it threatens to erode the public's confidence in the credit markets. Since I have started as U.S. Attorney, I have made these types of cases a priority for this Office, by creating the Complex Frauds Unit to combat financial fraud in all sectors. To date, that Unit has, in only 9 months, brought mortgage fraud related charges against over 100 defendants. The message from today's enforcement action is clear: If you are out there, thinking about targeting the weak and our financial institutions through some sort of get rich quick scheme, think again. Odds are you will be caught, arrested and brought to justice.

United States v. Wilfredo Blas, et al.

Defendant	Residence	Age
WILFREDO BLAS	Long Beach, New York	41
NIDIA CAMPOS	Jamaica, New York	60
OSCAR OSORIO	Hempstead, New York	55
JOHN ISOLA	Dingman's Ferry, Pennsylvania	57
JOSE ROSARIO	East Elmhurst, New York	47
PATRICIA GONZALEZ	East Elmhurst, New York	39
CURTIS MCPHERSON	East Elmhurst, New York	35
UMER RAJA	Huntington Station, New York	35
MOHAMMED ISLAM	Bronx, New York	42
MARIA ZAPATA	Rosedale Village, New York	41
EDWIN BARRERA	Floral Park, New York	35
MARLOWN CASO	East Elmhurst, New York	34
MOISES VARGAS	East Elmhurst, New York	46
ROMANA GALEZO	Astoria, New York	58
GALO HUAYCOCHEA	Astoria, New York	61
JHOJANS ELEGANTE	Freeport, New York	47
ANTHONY REID	Saint Albans, New York	50

Ct	Charge	Defendants	Maximum Penalties
1	Conspiracy To Commit Bank Fraud And Wire Fraud	WILFREDO BLAS NIDIA CAMPOS OSCAR OSORIO JOHN ISOLA PATRICIA GONZALEZ CURTIS McPHERSON UMER RAJA MOHAMMED ISLAM MARIA ZAPATA EDWIN BARRERA MARLOWN CASO MOISES VARGAS ROMANA GALEZO GALO HUAYCOCHEA ANTHONY REID	30 years in prison; fine of \$1,000,000 or twice the gross gain or loss; and restitution
2	Major Fraud Against The United States	JHOJANS ELEGANTE	10 years in prison; fine of \$1,000,000; and restitution
3	Witness Tampering	WILFREDO BLAS	20 years in prison; fine of \$250,000 or twice the gross gain or loss

United States v. Jaime Cassuto, et al.

Defendant	Residence	Age
JAIME CASSUTO	Seaford, New York	40
DAVID CASSUTO	Massapequa, New York	36
ISAAK KHAFIGOV	Howard Beach, New York	23

Ct	Charge	Defendants	Maximum Penalties
1	Conspiracy To Commit Mail Fraud and Wire Fraud	JAIME CASSUTO DAVID CASSUTO ISAAK KHAFIGOV	20 years in prison; fine of \$1,000,000 or twice the gross gain or loss; and restitution

United States v. Dustin Dente, et al.

Defendant	Residence	Age
DUSTIN DENTE	West Islip, New York	38
BRANDON LISI	Dix Hills, New York	36
CHARLES ADESSI	Manalapan, New Jersey	49
RICHARD WILLIAMS	Hempstead, New York	37

Ct	Charge	Defendants	Maximum Penalties
1	Conspiracy To Commit Bank Fraud And Wire Fraud	DUSTIN DENTE BRANDON LISI CHARLES ADESSI RICH WILLIAMS	30 years in prison; fine of \$1,000,000 or twice the gross gain or loss; restitution and forfeiture
2	Bank Fraud	DUSTIN DENTE BRANDON LISI	30 years in prison; fine of \$250,000 or twice the gross gain or loss; restitution and forfeiture
3	Bank Fraud	DUSTIN DENTE BRANDON LISI	30 years in prison; fine of \$1,000,000 or twice the gross gain or loss; restitution and forfeiture
4	Wire Fraud	DUSTIN DENTE BRANDON LISI	20 years in prison; fine of \$1,000,000 or twice the gross gain or loss; restitution and forfeiture
5	Bank Fraud	DUSTIN DENTE BRANDON LISI	30 years in prison; fine of \$1,000,000 or twice the gross gain or less; restitution and forfeiture
6	Bank Fraud	DUSTIN DENTE BRANDON LISI	30 years in prison; fine of \$1,000,000 or twice the gross gain or loss; restitution and forfeiture

Ct	Charge	Defendants	Maximum Penalties
7	Wire Fraud	DUSTIN DENTE BRANDON LISI RICH WILLIAMS	20 years in prison; fine of \$1,000,000 or twice the gross gain or loss; restitution and forfeiture
8	Bank Fraud	DUSTIN DENTE BRANDON LISI RICH WILLIAMS	30 years in prison; fine of \$1,000,000 or twice the gross gain or loss; restitution and forfeiture
9	Wire Fraud	DUSTIN DENTE BRANDON LISI RICH WILLIAMS	20 years in prison; fine of \$250,000 or twice the gross gain or loss; restitution and forfeiture
10	Wire Fraud	DUSTIN DENTE BRANDON LISI CHARLES ADESSI	20 years in prison; fine of \$1,000,000 or twice the gross gain or loss; restitution and forfeiture
11	Wire Fraud	DUSTIN DENTE BRANDON LISI CHARLES ADESSI	20 years in prison; fine of \$1,000,000 or twice the gross gain or loss; restitution and forfeiture
12	Bank Fraud	DUSTIN DENTE BRANDON LISI	30 years in prison; fine of \$1,000,000 or twice the gross gain or loss; restitution and forfeiture
13	Wire Fraud	DUSTIN DENTE BRANDON LISI	20 years in prison; fine of \$1,000,000 or twice the gross gain or loss; restitution and forfeiture

United States v. Verbelle Williams, et al.

Defendant	Residence	Age
VERBELLE B. WILLIAMS	Hempstead, New York	57
CHUKWUMA OSAKWE	Bay Shore, New York	47
ONOCHIE ONOBOGU	Bay Shore, New York	29

Ct	Charge	Defendants	Maximum Penalties
1	Conspiracy To Commit Bank Fraud	VERBELLE WILLIAMS CHUCK OSAKWE ONOCHIE ONOBOGU	30 years in prison; fine of \$1,000,000 or twice the gross gain or loss; and restitution
2	Bank Fraud	VERBELLE WILLIAMS CHUCK OSAKWE ONOCHIE ONOBOGU	30 years in prison; fine of \$250,000 or twice the gross gain or loss; and restitution
3	Bank Fraud	VERBELLE WILLIAMS CHUCK OSAKWE ONOCHIE ONOBOGU	30 years in prison; fine of \$250,000 or twice the gross gain or loss; and restitution

United States v. Paulette Gabbidon, et al.

Defendant	Residence	Age
PAULETTE M. GABBIDON	Quincy, Massachusetts	39
JASON LEWIS		34
JOYCE LEWIS	Elmsford, New York	56

Ct	Charge	Defendants	Maximum Penalties
1	Conspiracy To Commit Bank Fraud	PAULETTE M. GABBIDON JASON LEWIS JOYCE LEWIS	30 years in prison; fine of \$250,000 or twice the gross gain or loss; and restitution

2	Bank Fraud	PAULETTE M. GABBIDON JASON LEWIS JOYCE LEWIS	30 years in prison; fine of \$250,000 or twice the gross gain or loss; and restitution
3	Bank Fraud	PAULETTE M. GABBIDON JASON LEWIS JOYCE LEWIS	30 years in prison; fine of \$250,000 or twice the gross gain or loss; and restitution
4	Bank Fraud	PAULETTE M. GABBIDON JASON LEWIS JOYCE LEWIS	30 years in prison; fine of \$250,000 or twice the gross gain or loss; and restitution
5	Bank Fraud	PAULETTE M. GABBIDON JASON LEWIS	30 years in prison; fine of \$250,000 or twice the gross gain or loss; and restitution

United States v. Orit Tuil, et al.

Defendant	Residence	Age
ORIT TUIL	Queens, New York	39
ANNETTE SHERESHEVSKY FONTE	Westbury, New York	28
DARLENE RITTER	Brooklyn, New York	45
NIR ZEER	Staten Island, New York	30
JOAN POWELL	Elmont, New York	46

Ct	Charge	Defendants	Maximum Penalties
1	Conspiracy To Commit Wire Fraud	ORIT TUIL ANNETTE SHERESHEVSKY FONTE DARLENE RITTER NIR ZEER JOAN POWELL	30 years in prison; fine of \$1,000,000 or twice the gross gain or loss; and restitution

United States v. Yevgeny Komar and Joseph Patton

Defendant	Residence	Age
YEVGENY KOMAR	Brooklyn, New York	42
JOSEPH PATTON	Stuart, Florida	40

Ct	Charge	Defendants	Maximum Penalties
1	Conspiracy To Commit Wire Fraud	YEVGENY KOMAR JOSEPH T. PATTON	20 year in prison; fine of \$250,000 or twice the gross gain or loss; and restitution
2	Bank Fraud	YEVGENY KOMAR	30 years in prison; fine of \$250,000 or twice the gross gain or loss; and restitution

United States v. Deanyon Ross

Defendant	Residence	Age
DEANYON ROSS	Brooklyn, New York	43

Ct	Charge	Defendants	Maximum Penalties
1	Conspiracy To Commit Bank Fraud And Wire Fraud	DEANYON ROSS	30 years in prison; fine of \$1,000,000 or twice the gross gain or loss; and restitution

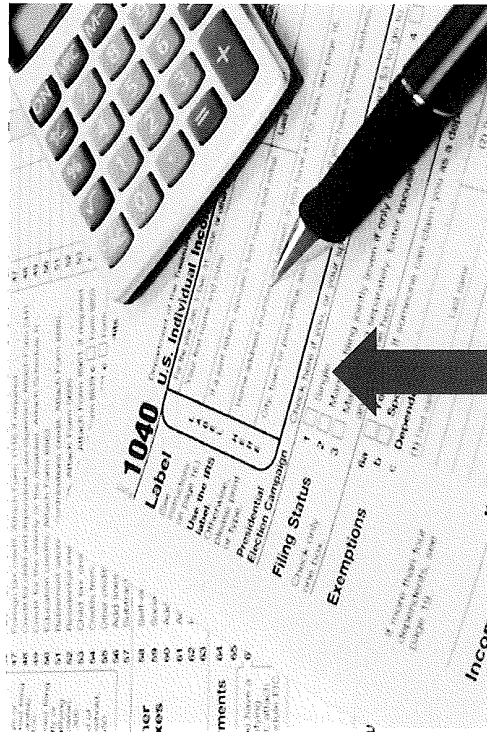
OPERATION STOLEN DREAMS

Case	Type of Scam	Defs	Loan Amount
U.S. v. Wilfredo Blas	Equity Stripping; Property Flipping; Loan Application Fraud	17	\$15 Million
U.S. v. Jaime Cassuto	Loan Modification Fraud	3	240 Victims \$500,000 Loss
U.S. v. Paulette Gabiddon	Bank Fraud	3	\$1 Million
U.S. v. Dustin Dente	Bank Fraud; Equity Stripping	4	\$7.4 Million
U.S. v. Verbelle Williams	Equity Stripping; Property Flipping	3	\$2.9 Million
U.S. v. Yevgeny Komar	Loan Application Fraud; Investment Fraud	2	\$520,000 (Loan)/ \$471,000 (Other)
U.S. v. Orit Tuil	Equity Stripping	5	\$1.6 Million
U.S. v. Deanyon Ross	Equity Stripping	1	\$1 Million

**38 Defendants
\$29.4 Million Fraud Charged**

FRAUDULENT DOCUMENTS

U.S. v. Wilfredo Blas, et al.



148 Fraudulent
Tax Returns

EMPLOYEE ID		EMPLOYEE INFORMATION		SOC SEC #		CHECK NO.	PERIOD ENDING	PAYMENT D
1004863		JACKSON HEIGHTS, NY		[REDACTED]		36462	12/31/2004	
EARNINGS								
DESC	HOURS	CURRENT	YTD	DESC	CURRENT	YTD	DESC	YTD
REGULAR	80.00	37156.41	75813.84	FIT W/H	628.38	15226.40		
				SOC SEC	196.95	4700.46		
				MEDICARE	45.80	1099.39		
				STATE W/H	214.40	5143.00		
				LOCAL W/H	119.38	2865.12		
				QUICK	1.20	48.80		
TAXES AND DEDUCTIONS								
EARNINGS				TAXES AND DEDUCTIONS				
TOTAL HOURS	BASE RATE	CURRENT GROSS	CURRENT TAXABLE GROSS	CURRENT TAXES & DEDUCTIONS	CURRENT NET PAY			
80.00	37436.40	37156.41	37156.41	1214.46	1941.90			
EARNINGS				TAXES AND DEDUCTIONS				
YTD CURRENT GROSS	YTD TAXABLE GROSS	YTD TAXES & DEDUCTIONS	YTD NET PAY					
75813.84	75813.84	29159.68	46654.16					
S&P	5.01							
DII FINANCIAL PLANNING								

1161 Fraudulent Pay Stubs

Form W-2 Wage and Tax Statement 2008

Copy C For Employer's Records

UMER H RAJA
73 DEEPDALE DRIVE
HUNTINGTON STATION, NY 11746

Wages, tips, other compensation: \$6010.00
Federal income tax withheld: \$552.26
State income tax withheld: \$393.84
Local income tax withheld: \$0.00
Retirement plan: \$0.00
Health, dental, vision: \$0.00
Life insurance: \$0.00
Other: \$0.00
Total: \$6010.00

38 Fraudulent IRS W-2s

①

③ Gumbel, Basquiat

②

④ Poliakoff

⑤ Rona together

**Prepared Remarks of U.S. Attorney Preet Bharara
Lichtenstein and Torres-Garcia Repatriation Ceremony
September 21, 2010**

P. Bharara
Good morning. My name is Preet Bharara, and I am the United States Attorney for the Southern District of New York.

Today we have the opportunity to view two exceedingly valuable works of art that arrived here in this Office after traveling a long and winding path. They are: "Modern Painting with Yellow Interweave" by Roy Lichtenstein and a significant work ["Figures dans une structure"/**Figures in a Structure**] by Joaquin Torres-Garcia.

Together they are worth more than \$4 million, and today they will leave here with their rightful owners, and we can celebrate that justice has been done.

The return of these paintings to Brazil is especially significant because it highlights how important international cooperation is in the pursuit of justice. The partnership between Brazilian authorities and U.S. law enforcement agencies, including ICE and this Office, is an excellent example of the great results that can happen when we work together with our partners around the world.

This case also underscores the relevance and importance of customs law in our times, sending the clear message that we will pursue individuals who steal from their country and who try to conceal their crimes in the stream of American commerce.

Now, how do paintings of such note end up on display in the library of the U.S. Attorney's office in Manhattan?

The story begins with the actions of a notorious Brazilian capitalist turned criminal.

Edemar Cid Ferreira was the founder and President of Banco Santos in Brazil. At the time, it was one of the largest banks in all of Brazil. While he was bank president, however, it turns out that Ferreira was committing massive bank fraud. And to launder his ill-gotten gains, Ferreira began purchasing valuable pieces of art with the proceeds of that fraud – including the two paintings you see here today, and many others.

And for years, important contemporary art works by Lichtenstein, Basquiat, and others have been held hostage by Ferreira's fraud.

In 2006, the law finally caught up to him, and Ferreira was convicted, in Brazil, of orchestrating a billion-dollar fraud scheme at the bank. The bank sank into bankruptcy, and Ferreira received a 21-year prison sentence for his crimes.

But the story does not end there, because after his conviction, Ferreira and his cronies tried to smuggle various paintings to the United States to elude their seizure and forfeiture in Brazil.

The paintings were shipped first from Brazil to the Netherlands. They were shipped then to the United States with misleading invoices designed to conceal that the paintings, which by then were on an INTERPOL watch list, were about to enter the New York art market.

In order to carry out the crime and sneak the works into America, the shippers violated U.S. customs law:

- They failed to identify the names of the paintings and the artists who created them.
- They also lied about how much the paintings were worth.
- In fact, they stated that these two paintings were worth \$180 combined, when they are actually valued together at more than \$4 million.

At the request of the Brazilian government, ICE agents first located and seized "Hannibal," a painting by *Jean Michel [John Michelle]* Basquiat acquired by Ferreira with proceeds from the Banco Santos fraud that he smuggled into the U.S. This Office subsequently filed a civil forfeiture complaint to forfeit "Hannibal," and later added the Lichtenstein and the Torres-Garcia paintings to the Complaint, along with two other pieces – for a total of 5 pieces.

Earlier this year, the paintings before us were forfeited to the United States, and today it is our privilege to return them to Brazil. [*Central Authority of Brazil*]

One of the messages that should be taken from today's ceremony is that the proceeds of crime, no matter what form those proceeds take or where they are directed to, will be tracked, seized, and forfeited.

This Office will continue to work with authorities across the globe, such as our friends from Brazil who are here with us today, to seize and forfeit assets obtained with criminal proceeds.

In addition, we will aggressively enforce our customs laws and we will not allow our channels of commerce, which include New York City's art market, to be used to sell criminally-obtained art.

Today's repatriation is just the latest in a long line of cases where we have partnered successfully with ICE to return stolen pieces of art to their true owners. Just this past year, we recovered 11 paintings stolen from Germany during WWII and an ancient Hebrew bible stolen by the Nazis, among a number of other extremely valuable items. And of course, we recently announced a watershed settlement in the Portrait of Wally case. We look forward to continuing to work with ICE in our ongoing efforts to repatriate stolen art and other property.

I want to take a moment to acknowledge the individuals joining me today who have made the return of these paintings possible.

- I am joined by our partners in this and so many other repatriation cases, the Department of Homeland Security's U.S. Immigration and Customs Enforcement, represented today by Deputy Director Al Pena.
- I would like to thank Senior Special Agent Seth Taylor and Resident Agent in Charge in New Haven Walter Wilkowski, who provided truly excellent investigative work this case.
- I am also joined today by Pedro Vieira Abramovay, the National Secretary of Justice of Brazil, along with a group of other Brazilian officials. Thank you for working with us on this case and we are honored to have you here today.

I would also like to thank the Office of International Affairs of the Department of Justice for its assistance.

Finally, I want to express my appreciation to the prosecutors from this Office who worked extremely hard on this case: Assistant U.S. Attorney Jason Hernandez, former Assistant U.S. Attorney Sharon Frase, and Paralegal Tony Dulgerian, as well as Sharon Cohen Levin, the Chief of our Asset Forfeiture Unit.

Call to the podium:

- Alonzo Pena, Deputy Director of U.S. Immigration and Customs Enforcement
- Pedro Vieira Abramovay, National Secretary of Justice of Brazil